



DESCRIPTION OF H.R. 1619¹

Increase In Limitation on Capital Losses Applicable to Individuals

Present Law

Capital losses of individuals are deductible in full against capital gains. In addition, individual taxpayers may deduct capital losses against up to \$3,000 (\$1,500 in the case of a married individual filing a separate return) of ordinary income in each taxable year. Any remaining unused capital losses may be carried forward indefinitely to future taxable years.

Description of Proposal

The maximum amount of capital losses that individual taxpayers may offset against ordinary income is increased to \$8,250 (\$4,125 in the case of a married individual filing a separate return).

These amounts are indexed for inflation, rounded to the next highest multiple of \$5.

Effective Date

The proposal applies to taxable years beginning after December 31, 2000.

¹ This document, prepared by the staff of the Joint Committee on Taxation, provides a description of present law and the provisions of H. R. 1619. The bill is scheduled for markup before the House Committee on Ways and Means on October 7, 2002. This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 1619* (JCX-94-02), October 7, 2002.